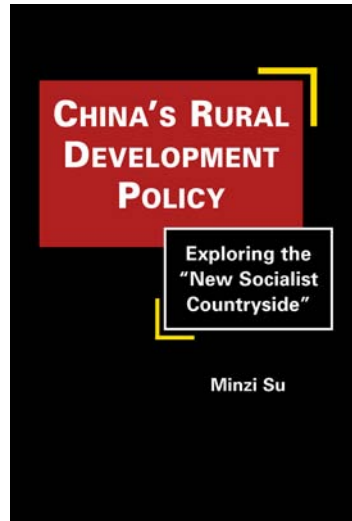


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China's Rural
Development Policy:
Exploring the
“New Socialist Countryside”

Minzi Su

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1

Introduction

For millennia, the Chinese rural population paid their taxes, served as corvée labor for the nation and tended their crops for themselves and their families, and some for the landlords or warlords or whoever happened to be running things at any given time. Many took produce or meats to small local markets. They were left alone by the government except when they could not afford to pay their taxes or perform their assigned corvée work for one reason or another. This was the traditional Chinese smallholder farming life. This role changed when the Chinese Communist Party (CCP) took control of China, and the country was officially proclaimed a dictatorship of the proletariat. Farmers were herded into military-like organizations called communes under a unified system that controlled everything from their farming activities to their households and family lives. In this way, hundreds of millions of peasants called “poor and blank” by Mao Zedong were organized, worked, educated, cared for, and fed in return for their feeding a hungry nation and fueling industrialization. The rural population, roughly two thirds of China’s total, has been the primary resource for China’s modernization until just recently.

After some initial enthusiasm, China’s farmers gradually became disenchanted with commune life, however. They had become exhausted by political-ideological rhetoric that was used more to bludgeon than to inform, and that had fostered reticence and conformity among the majority.¹ In the late 1970s, the peasants finally became sufficiently disenchanted and cynical about their lot to begin challenging the regimentation. In the process, they took liberties with their labor that had been unthinkable during the Mao regime; and they pushed the state to overhaul Communist policy and overturn decades of Communist conformity. The collective rural economy was replaced by a smallholder farm economy nationwide by the early 1980s. After a spurt of early successes, a range of central policies restructured the tax system and redirected the economy to an all-out effort at marketization, industrialization, and urbanization, and China’s farmers saw an erosion of their ability to make a living. Their chances of transforming their lives from subsistence farming to a family business diminished. They

had lost all the benefits of commune life (food security, education, health care, and pension benefits), and gained few of the advantages of individual household farming. China's rural condition was described in a much-publicized letter to Chinese Premier Zhu Rongji: "Farmers are really suffering, the rural villages are really poor, and agriculture is really in danger."²

Rural development took a left turn as a key element of the government's economic strategy with its 10th Five-Year Plan covering the period from 2001 to 2005. Where previous planning called for increases in farm income and grain production, this new plan aimed at *xiaokang shehui*, an overall prosperous rural society characterized by a comfortable living standard. China's 11th Five-Year Plan (2006-2010) continued rural transformation both in form and content, largely focused on growth as the key objective. The new plan proceeded along two strategic lines: a scientific approach to development, and the goal of building a "harmonious society." As a keystone of the program, and as a strategic guidepost, the concept of "building a new socialist countryside" was introduced. The program calls for a multifaceted set of solutions incorporating rural construction, social undertakings, and grassroots democracy. Importantly and symbolically, the agriculture tax that had been imposed on China's farmers for more than 2,600 years was eliminated; and all legal and illegal fees tied to the tax system were removed. The central leadership continuously trumpets the profound and fundamental value of such planned changes for the nation and especially for the oppressed farm family. These and other new policies are intended to lead to unprecedented changes in the Chinese countryside, including the end of structural bias against the peasantry.

The sudden high-level emphasis on farmers' rights, equal opportunity, and social justice provides a foundation of hope for a significant transformation. Some optimistic students of comparative studies who see a parallel with the development history of Japan and South Korea have begun numbering the days until the realization of Chinese rural rejuvenation plans. This book was constructed upon the hopes and studies of a Chinese citizen and the perspective of an international scholar. The reality of China's current situation is this: the task of recasting China's rural society is a formidable one and the last six decades of fits and starts in attempting this very transformation have provided little reason for optimism.

The Problems

The state-centered policy approach is knit around a broad perspective in which the state defines the nature of public problems and takes responsibility for developing solutions to them. There is a persistent myth or perhaps naïve assumption that politicians make policy and public servants implement it rationally “as if implementation was something utterly simple and automatic.”³ The reality is that implementation is frequently a highly political process. The intensity of participation by any political actor will depend on a range of factors including the strength of interest in the policy and the organizational capacity of the jurisdiction.

The Chinese experience during its transition from a planned economy to a market economy provides ample evidence that the hard lessons about state-centered policy approaches had not been learned, as new policy reforms incorporated many debatable features. Those problems are visible in three levels of analysis: central policy, local implementation, and rural engagement.

From the central policy perspective, a salient characteristic was its strong state-centered policy flavor and approach. Whether “bounded rationality”⁴ or “muddling through”⁵ or bureaucratic politics⁶ or state interests,⁷ one line of debate about how to handle the situation for the peasants was the issue of a paternalist versus a populist approach, and the government simply went from one extreme (paternalistic, highly regimented communes) to the other (entirely *laissez-faire*).

The decentralization essential to a market-oriented economy creates troublesome conditions for the policy process. Central government elites are reluctant to cede power; central bureaucracies resist the delegation of authority; and when responsibilities are transferred there is rarely a corresponding transfer of resources and authority. Those resources that are available at the local level are often poorly deployed by inexperienced, ill-trained, and underpaid field staff.

New policy approaches seem to retain the highly addictive elements of the patriarchy habit, because in addition to exhorting local bureaucrats to comply with the new policies, it is also necessary to make arrangements for direct farm support in a way that is strongly reminiscent of the patriarchal tendency to micromanage. The elimination of the agriculture tax has taken away most rural local government revenues, making it necessary to shrink local staffs; but at the same time, local governments are also tasked to build new *performance-oriented* service systems to replace the old bureaucratic organs. How to handle these conflicting priorities is a problem still awaiting either

further central policy refinement or local innovation. For now, the issue adds another layer of complexity to the outcome of rural development progress.

Because of regional disparities, any Five-Year Plan can only represent broad guidance for those attempting to develop policies for rural development. At the central policy level, there is an inclination toward policy consistency, particularly with respect to goals. At the same time, it is inevitable that local implementation needs, conditions, and actions will conflict with such consistency, adding uncertainty to the outcomes.

Secondly, from a local implementation perspective, it is evident that during the last three decades greater decentralization does not necessarily equate to greater democracy or “power to the people” — it depends on the local circumstances under which decentralization occurs.

In China, policy implementation is intended to begin with orders that descend from the provincial level to city, county (district), township, and village levels. The central ministries and commissions supervise, manage, distribute resources, and provide regulatory guidance for local levels. The quantity and quality of policy instruments and the discretionary power allocated to each province have always been variables that work against uniformity. In addition to imbalances caused by natural regional differences, policy implementation and resource distribution from above are also skewed by imbalances that arise from the amount of influence local governments can bring to bear as provinces negotiate with the central level. As long as “black box” decision making exists, policy matters are often significantly adjusted at this provincial level.

Below the provincial level, each jurisdiction can make adjustments based on the local policy environment. This is a natural outcome of whatever extent of decentralization is achieved in each area. China's government does not extend to the village level, so village leaders are not considered part of the government hierarchy; but village cadres are supervised from above, and there is a party organization that plays a supervisory political role, which means that policy adjustments are often made even at this lowest level.

Any policy that originates at the central level must negotiate all these layers of local filters to touch its target population. Overall, Chinese policymaking is a dynamic process that extends from Beijing to the Chinese people, adding to the difficulty of studying policy implementation. The point at which a policy implementation process should be examined is always subject to personal preference, dependent upon the goals of the study and conditioned by available resources. In

order to improve our understanding of development as it is unfolding in contemporary rural China, the logical place to watch is the village level, because that is where the end product of all intermediate filtering becomes visible. It is also at this level that conflicts and collaboration between governments, between government and business, and between state and society become available for study and for evaluation. The panoply of end results visible in this research exhibits remarkable variety in successes and in failures and in all the shades between.

Selective policy implementation was the norm in China during the days before the latest reforms. This apparent dichotomy was caused by centralized micromanagement of the cadre administrative system and the reduced share of tax revenues coming to the local level, a pairing of conditions that created inevitable conflicts. Even absent strong priority conflicts from these sources, there is usually some degree of conflict that springs from local conditions, interests, and needs, and from the motivations of local cadres and officials. Current policy is delivering additional resources for local government in the form of transfer payments, leading to expectations that policy can be implemented to meet central intent. How fast and to what extent new central policy can make a difference is still an open question, but results in some areas provide reasons for optimism. Current central policy seeks local comprehensive administrative reform as a first step to break through the mountain of rural development challenges. In particular, it is considered essential to begin with tighter financial control, and sweeping systems have already been widely implemented in which all local finances and expenditures are controlled by the next higher level of government. At this early stage, the response from local levels has been mixed. Poorer communities have welcomed the opportunity for higher levels to finally understand the full scope of their problems; but in prosperous regions of China it is clear that central interference in local finances is not welcome, and has been difficult to force. Thus, it is not yet possible to predict the final results.

It is no mystery that illegal land seizures, illegal fees and taxes, and deterioration of local schools and health facilities all combined to create a pervasive and enduring dissatisfaction with and mistrust of local governments, even though central policy was the root cause of the problems. It is politically expedient to fix blame for those problems at the local levels, but it is still prudent for higher levels to take control of town and village finances, as conditions during the 1990s certainly led to bad habits with respect to private-regarding behavior on the part of local cadres. It also appears appropriate (but unlikely) for the central government to “clear the air” by admitting that local financial crises

were the end result of systemic, institutionalized discrimination against farmers in central policy.

This issue also draws attention to the notion of local autonomy, which seems never to have reached desirable levels in China despite official policy that encourages village elections. The crux of the issue can be seen from two perspectives: first, how to carry out strong central political will for rural revitalization while simultaneously strengthening local administrative capacity; and second, how to integrate the power of the local party organization with an autonomous villager organization to drive local prosperity. These are critical issues, yet to be resolved, that will undoubtedly influence the trajectory of local development.

Additionally, farmers' participation in the policy process has not been worked out in current policy. While reforms may have the best interest of the farmers at heart, they still suffer from the weaknesses inherent in top-down approaches to development. Two decades ago, when the communes were disbanded in favor of household farming, agricultural productivity increased very quickly. However, the disadvantage for the majority of Chinese farmers of a guerrilla-style approach to the market became more and more visible in the face of stronger and stronger pressure from the global economy. Without the organization and know-how of the communes, farmers were not prepared to deal either with the local bureaucracy or with the market. They either bowed their heads and became fatalists or unleashed their entrepreneurial flair in an every-man-for-himself approach to rural life.

After the national fiscal policy reforms of the mid-1990s, local governments were forced into increasingly aggressive taxation and collection practices and ultimately into illegal predatory practices that fractured any reasonable relationship they may have had with the farmers. Mistrust between local officials and villagers has remained the norm, predictably adversely affecting local capacity required for economic progress. Mending these fences therefore has become a high priority, but since the problems have never been officially acknowledged, repairs are not easy to effect. Improvements seemingly are expected to happen if everyone pretends the abuses never happened. Much will depend on various local situations and the people involved and will represent some level of challenge to local bureaucrats now in power, whether they were involved in past transgressions or not.

In this rural reform project, central policy represents a conditioning mechanism from which all other aspects of China's rural transformation flow. Without a strong foundation of political will, it is difficult to imagine the possibility of transforming the deeply rooted, institutionalized sociocultural, political, and economic habits of this

particular state-centered nation. And yet no matter the degree of central political will, succeeding chapters make a case that local engagement remains an indispensable ingredient for economic and social breakthrough in rural China. Local initiative succeeded admirably in many places in China when the shadow of central influence was simply lifted, but in no instance has central will yielded significant and sustainable progress without significant local engagement.

Chinese history repeatedly reminds us of the humbling impact of peasant power, and it is these hundreds of millions of people who are the target population in the set of policies that form the Chinese government's current five year plan. The discretion that is woven into the policy combined with the endless variety and complexity of local conditions make it clear there are too many independent variables to even recognize, let alone attempt to regulate, in this vast socioeconomic experiment. Without the farmers' agreement with the spirit of the policy goals and wholehearted participation and cooperation driven by their own self-interests, local officials cannot hope to carry out central policy, especially given the limiting condition of traditional leadership approaches that rely heavily on the power of slogans and exhortation.

The central problem that became the core of this book is that even if a productive synergy can be developed between central and local governments and the rural population, the barriers to success are still formidable. This study identifies these barriers and demonstrates their significance as part of an overall assessment of the likelihood of success in China's current ambitious socioeconomic revolution.

Key Questions

A gap exists in the planning and theoretical grounding for China's rural transformation project. I identify that gap as a broad failure to acknowledge and deal with the overriding issue of local conditions and how they impact development progress. I identify these local conditions as summarized by *development capacity*, and argue that development planning should begin with an assessment of local capacity and only then begin developing individualized plans for change. The critical question addressed here is this heretofore neglected issue: How to assess, strengthen, and tap into local capacities that hold the greatest promise for revitalization in various Chinese rural communities?

There have been spectacular successes in rural China, along with the many failures. This fact, coupled with the timing of this research at the earliest stages of China's rural reform, suggested that the best approach was to seek plausible connections and possible causal relationships

between successes and failures among neighboring towns and villages. The selected approach was to reach directly into local social, economic, and political processes and to probe economic and political links to identify the sources of local developmental capacity. Because there were visible and strong geographic and topographic vectors associated with success and failure, this project was planned to embrace multiple case studies in four provinces in China that were selected for having both unique and typical economic conditions, thus providing a reasonable level of representativeness.

Capacity as a Key Factor

This study has collated all of the major factors identified from comparative case studies under the broad and inclusive heading of *capacity*. In addition to the product of direct field research, the listed factors have been gleaned and/or sharpened from previous research, both in China and from international development experiences. The information assembled here is offered both for its value as a starting point for academic inquiry into local foundations for rural recovery and for its practical value for local and higher officials and administrators who wish to plan and lead rural development.

Policy implementation theory has been debated for sixty-plus years, and recent research tends to favor combined top-down and bottom-up approaches to policy implementation. The problem with attempting a scholarly corroboration of this hypothesis is that an analysis of the activities and perspectives of central authorities, local implementing officials, and target groups is made difficult by the vastness of the field combined with the limited availability of resources for research. This project is intended to improve our understanding of the size and nature of that gap through grounded field work.

There were important studies into integrated rural development in the developing world during the 1970s – 1980s. However, international development efforts did not produce the desired results and so became the subject of noisy controversies. The enthusiasm of both scholars and international organizations faded away. Although many organizations like the United Nations and the World Bank continue their efforts, success has been elusive. In a February 2008 lecture at Portland State University, Nobel Prize-winning economist Douglass North hypothesized that the present shape of third world political economies is a “natural” outcome of local conditions, and that the transformation of its institutions to a modern prosperous society requires unforeseen levels and types of intervention coupled with essential endogenous

contributions. This book represents a step beyond Dr. North's ruminations by identifying the conditions and local contributions that matter most, at least in the Chinese setting. Clearly, the size of China's rural society and the wide variation in local conditions mandate humility in claims about the generalizability of these findings, but to the extent the research looks at areas not previously examined in this way, the lessons are expected to hold value not only for the Chinese, but also in a more general way for the international community.

Perhaps the most important contributions of this research come from three features. First, this project provides a useful framework for implementation study. Mainstream implementation theory research is generally descriptive-explanatory, though both epistemological and normative stances may vary. Ahead of that stream must be contributions designed to accumulate knowledge, develop hypotheses, and perform empirical research in as systematic a way as possible.

This research employs a "backward mapping"⁸ strategy that provides rich perspectives for research, both in a descriptive and a prescriptive sense. Capacity assessment and planning take Richard Elmore's work one step further by proposing capacity as a starting point for both researchers and practitioners before they get involved in the complex depths of the policy process, which is usually where they start, whether it is a top-down or bottom-up approach. With this starting point, the implementation study can be simplified to focus on those actors and relations involved in capacity essentials. By defining strong assets and weak assets, a useful perspective of the source and flow of power in a policy-implementation process becomes available.

Second, this research identified links between practice and theory in the Chinese context, and also revealed connections between China's rural development and other places in the world. Finally, the research really captured the essence of rural development in China as it looks from the perspective of a rural Chinese village. The synergistic approach to policy implementation revealed in this "bottom-up" empirical study can help create an improved map for the Chinese decision makers.

A significant learning opportunity that springs from this research comes from its establishment of development capacity as not a local social or economic trait, but a multifaceted interdisciplinary approach to the identification of local strengths and limitations that will undoubtedly affect development progress. Those who argued top-down vs. bottom-up or who encouraged participative community development approaches appeared to believe in a "one best way" that can be deployed to solve rural development problems. Economists, for example, are good at that—identifying fiscal policy that can explain and predict, and therefore

regulate an economy, like some kind of all-powerful autopilot. The devil is in the details, however. Chinese society, as well as other societies around the world, are clearly too complex for one-dimensional solutions. Certainly China's mass movements that were hinged on economic principles worked, and in some cases they even worked well, but they simply couldn't work everywhere. In China they failed for hundreds of millions of people. This is the one overriding condition of China's rural development, by the way—the reality that this book is about the lives of hundreds of millions of families.

Having concluded that a clearer understanding of the development project in rural China was a complex, interdisciplinary undertaking, this study focused on *capacity* as an integrated measure of the tendency to succeed or fail in development efforts. Here is an example of the meaning of capacity when it is used to examine past efforts to improve conditions in rural China: it is a look at the grain subsidies that were touted as an important helping hand for China's farmers. With bad soil, no water, and no roads, grain subsidies couldn't make much of a difference for many rural households. With good soil, a benign climate, and a large urban market nearby, grain subsidies weren't needed. Although grain subsidies were widely regarded as a key dimension of rural reform, it made a real difference to a relatively few households, increased the wealth of many who were already prosperous, and completely bypassed those who were most in need of assistance. If a government agency evaluates the capacity of a rural town, it may well decide that grain subsidies would help achieve both local prosperity and help meet national goals for food security. *But it may not*, and that's the point of this argument and the problem with many of China's past mass programs. An agency may decide that leadership and expertise are the missing ingredients, or infrastructure such as roads or irrigation projects. In order to have a chance at making the right decisions, local participation may not be enough; it may be necessary to provide for additional local autonomy. These few examples are included to demonstrate what seems pretty simple, but has thus far been largely ignored, that different rural towns and villages need different development plans and support. This idea had not reached the policymakers in China as of last year, and still has not been written about.

China stands out as a unique country where the Communist Party is leading a transition to a capitalist economy. It is also apparent that a mix of advanced and backward local economies in transition contains much information of unique value for scholars in many different disciplines. The research that led to this book was early on seen as a good

opportunity to mine the field for information—to observe and to understand the specifics and details of how China’s transition is being managed and how the relevant policy and development theories can be interpreted through different lenses.

Obviously the research findings are important to China. Eight hundred million people are waiting and working for a better life. They really deserve to know whether they’ve got a chance. What they believe will determine the future of China’s food security, the fate of hundreds of millions who have migrated to the cities or are considering such a move, the basic structure of the Chinese family and Chinese society, and all the people who are affected by food prices and crowded cities.

For other developing countries, the diversity and complexity of the Chinese experience revealed from the findings of the research can yield lessons worthy of comparison and study. Because of the wide variety of environments, it is likely that both problems and successes will find ready parallels worldwide—other environments and policies that can both inform and be informed by this research.

An Outline of This Project

This is a study of an integrated rural development policy embedded in a social, political, and economic transition in Chinese society. Although the framework is a new application in the area of rural development, it builds on the work of Chinese and international scholars from a broad range of interdisciplinary fields including primarily policy studies, development theory, political economics and sociology.

Chapters Two through Four provide a broad look at existing problem conditions under which China’s latest round of development initiatives is taking place. Chapter Two extracts from two significant bodies of literature—the collective era literature from the first three decades following the Communist Party takeover and the household responsibility system literature from the next three decades—the salient features, achievements, and missteps of the government’s previous attempts at restoring equal opportunity in Chinese society. Chapter Three examines rural town and village government to explore the lessons of China’s recent experience as an economy in transition and to understand the impact of the development process on local governance as Beijing seeks to revitalize its countryside. It asks whether local governments have demonstrated or developed the capacity to manage their share of the work of development. Chapter Four presents a composite picture of China’s peasantry through the eyes of sociologists and political science theorists and scholars. It briefly explores the role of

peasants in Chinese history and the major causes of social inequity and inequality in Chinese society. It describes rural life in contemporary China under the invisible hand of the market and the very visible hand of government and limited conditions for rural engagement in policy development.

Chapter Five discusses China's current rural development policies to bring the reader a solid understanding of the policy environment that gave birth to the research purpose, and Chapter Six introduces case studies from field research in China's rural towns and villages.

Chapters Seven and Eight demonstrate the value of "capacity" as an assessment and planning tool. Chapter Seven delivers those essential factors assembled from the agreement of farmers and local officials as foundational for rural development success. The relative success or failure of local efforts as of the time of the research repeatedly and consistently aligned well with those results. Chapter Eight discusses what is missing or undefined in the current policy – making process, as well as possible deficiencies made visible by past problems. It defines implementation capacity as a reliable predictor of integrated rural development in China and as a local ability, a coproduction among party, government, businesses, farmers, and other social institutions and organizations.

This study raises new questions that cannot today be fully answered. The reader should view all descriptions and generalizations as tentative findings that require further testing and elaboration by future field research in different parts of China. It is well known that the implementation of state policies and the local response vary considerably by time and place. Ideally, it would have been possible to find a way to measure "capacity" more precisely in the policy process. It seems arguable, however, that this study identifies with reasonable accuracy the general patterns around which the search for variation should be organized.

Notes

¹ Anita Chan et al., *Chen Village : The Recent History of a Peasant Community in Mao's China* (Berkeley: University of California Press, 1984).

² Li Changping, *Wo Xiang Zongli Shuo Shihua (Speak Truth to the Premier)* (Beijing: *Guangmin ribao* (Guangming Daily Press), 2001). Li Changping was a party secretary of a township government in Hubei Province of China when he wrote the letter to Premier Zhu on March 2nd, 2000. The letter was reported by *Nanfang zhoumo* (Southern Weekend), a newspaper famous for its openness to sensitive issues in the Chinese society in August at

the same year. The serious rural situation described in the letter shocked the Chinese top decision-makers. All seven members of the Politburo of the Chinese central government twice added their signatures and called for action for its provisions. The letter was published as a book with more details from Li's experience at grassroots level of China in early 2001.

³ Jan-Erik Lane, *The Public Sector: Concepts, Models and Approaches* (London: Sage, 1993).

⁴ Herbert A. Simon, *Administrative Behavior*, 2nd ed. (New York: The Free Press, 1965).

⁵ C.E. Lindblom, "The Science of "Muddling through"," *Public Administration Review* 19 (1959).

⁶ Graham T. Allison, *Essence of Decision; Explaining the Cuban Missile Crisis* (Boston,: Little, 1971).

⁷ M. S. Grindle and J. W. Thomas, "Policy Makers, Policy Choices and Policy Outcomes: The Political Economy of Reform in Developing Countries," *Policy Sciences* 22, no. 3-4 (1989).

⁸ Richard F. Elmore, "Backward Mapping: Implementation Research and Policy Decisions," in *Studying Implementation*, ed. Aaron B. Wildavsky, *Chatham House Series on Change in American Politics* (Chatham, N.J.: Chatham House Publishers, Inc., 1982).